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SUBJECT: MOROCCO'S SKILL SHORTAGE THREATENS ECONOMIC GROWTH

¶1. (SBU) Summary: Morocco's leading CEOs agree that the country's education system has failed to produce graduates fit for the work place. The skill shortage, specifically in the technical and engineering field, threatens the Kingdom's economic growth and competitiveness, the CEO's warned. Public and private sector efforts to improve the gap between graduates' existing skills and the demands of modern jobs have done little to quell anxiety among Morocco's high-technology sectors, which are key pillars in the Kingdom's efforts to create a modern and out-looking services sector. End Summary.

The Skills Gap

¶2. (SBU) EconOff recently met with students from Morocco's most prestigious business and management school, the Higher Institute for Commerce and Business Management (ISCAE), to elicit their thoughts on the growing disillusionment among the country's youth regarding employment prospects. One of the leading causes to this phenomenon, the students said, was the schools failure to prepare students to be competitive in the work place. "Our country's universities and training centers have failed to properly educate a generation of young people who simply cannot meet the expectations of modern day firms", one student said.

¶3. (SBU) In separate discussions, Morocco's leading CEOs echoed similar concerns about the failure of the country's education system to prepare new graduates entering into the workforce. According to Coca Cola's CEO Imad Benmoussa, Morocco's education system has failed to produce graduates fit for the work place. Mehdi Sahel, the CEO of the outsourcing firm Tata Consultancy Services (TCS), added that his company's greatest challenge in terms of business operation and growth is the scarcity of qualified personnel. He explained that because of the limited supply of qualified employees, these candidates are in a position to demand higher wages that cannot be met by many employers. Reinforcing this point, the director of the country's largest recruiting firm, Jamal Belahrach, explained that for each IT position advertised in the market, only four applicants out of 100 meet the minimum qualifications. Out of these four, on average one is willing to accept the job at the advertised salary. Belahrach lays the source of labor market imbalance at the feet of the basic education system in Morocco, which he categorizes as "catastrophic".

¶4. (SBU) However, even if Morocco's top universities could overcome the shortcomings in the educational system, the lack of work ethic in the younger population also remains a problem for employers. Ahmed Legrouri, the dean of engineering at Al Akhawayn University, told EconOff that Moroccan businesses complain that although recent graduates from engineering and technical schools may have adequate academic knowledge in their field, they often lack an understanding of what an employee is expected to do. New hires, he reported, fail to report to work on time, neglect instructions, and resist

direction from supervisors. Moroccan schools and higher education institutions need to do a better job of inculcating in students the basic expectations of an employee, in order to make them more attractive to potential employers, he concluded.

Bridging the Skills Divide

¶ 15. (SBU) Government programs to bridge the skills divide have yielded mixed results. For instance, public institutions like the Office of Professional Training and Labor Promotion (OFPPT), which trains close to two-thirds of all the country's recent graduates have not translated into larger-scale reductions in unemployment. While OFPPT is expected to double the number of trainees in 2010, Morocco's OFPPT southern regional director told EconOff that he worried about the lack of jobs once twice as many graduates entered the system. And although state grants of up to USD3100 exist for engineering and higher-technology sectors to train college graduates, employers have been reluctant to participate in such programs due a long and cumbersome reimbursement process, said Mohamed Tamer, the Vice President of the General Federation of Moroccan Business (CGEM).

¶ 16. (SBU) "What the government has to understand is that improving the quality of education, not the quantity of students and trainees, will be critical to preparing Morocco's graduates to be competitive in today's job market", argued Rachid Benabdallah, the President of Al Alkhawayn University. With an official unemployment rate that remains higher among the educated (19 percent) than the non-educated (5 percent), it is not clear that higher public expenditures to increase the number of educated youth alone will improve employment

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levels. As a result government agencies are beginning to place more emphasis on the quality of education, although such reform will take years before Morocco reaps its benefits. "Morocco's educational system has to be restructured if the country's higher value-added industries are to succeed," TCS's CEO warned.

¶ 17. (SBU) Aside from governmental intervention, ISACE students unanimously agreed the private sector had a bigger role to play in promoting education and job growth. For instance, enterprise promotion programs targeting young people, such as business incubators, were cited as a promising area because they address practical hands-on experience and competency issues many young adults lack in the work place. As an example of private sector intervention in this context, Coca Cola's CEO told EconOff that his company is slated to open a university that will help bridge the gap between graduates' existing skills and the demands of modern jobs.

Comment

¶ 18. To modernize its workforce and job creation systems, public private partnerships in education and training should be created in the context of growing an economy that can export higher value-added goods and services. Specifically, university and private sector partnerships should join forces to conduct the R&D required for a high value-added economy. Building capacity at the university level and linking capabilities among faculty, researchers, and graduate students with the needs of private enterprises, should figure prominently in Morocco's efforts to create a modern and out-looking services sector. Morocco risks losing out to better educated, more dynamic workforces in the MENA region, if it fails to address the skills gap.

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